

# SENATE RECORD VOTE ANALYSIS

105th Congress  
1st Session

Vote No. 181

July 16, 1997, 6:45 pm  
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## FOREIGN OPERATIONS APPROPRIATIONS/OPIC Administrative Expenses

**SUBJECT:** Foreign Operations, Export Financing, and Related Programs Appropriations Bill for FY 1998 . . . S. 955.  
Allard amendment No. 891.

### ACTION: AMENDMENT REJECTED, 35-64

**SYNOPSIS:** As reported, S. 955, the Foreign Operations, Export Financing, and Related Programs Appropriations Bill for fiscal year 1998, will provide \$13.244 billion in foreign assistance, and will make \$3.521 billion available to the International Monetary Fund (IMF) under the new arrangements for borrowing (NAB; this amount will not be scored as an outlay or as increasing the deficit because the United States will receive in exchange another monetary asset in the form of a liquid, interest-bearing claim on the IMF, which will be backed by the IMF's gold reserves).

**The Allard amendment** would reduce the amount allowed for administrative expenses of the Overseas Private Investment Corporation (OPIC) from \$32 million to \$21 million. (The OPIC is a Federal agency that provides loans and insurance at market rates to United States businesses to sell their products and services overseas. Loan authority and insurance authority have been capped since 1994; administrative expenses in 1994 were \$21 million).

**Those favoring** the amendment contended:

This amendment does not deal with the broad question of whether OPIC should be reauthorized. Instead, it stays focused on the very narrow question of whether its administrative expenses should be permitted to grow by 50 percent even as its contingent liability caps for lending and insurance remain frozen. Why should it cost 50 percent more to do the same volume of work? In fact, we have learned that the amount of work has actually decreased, as measured by the number of issuances, so the real question is why should it cost so much more to do less? Our colleagues have not answered that question. Instead, they have talked only about their favorable impression of this agency. Their argument seems to be that this agency actually makes money for the Federal Government by helping

(See other side)

YEAS (35)		NAYS (64)			NOT VOTING (1)	
Republicans (27 or 50%)	Democrats (8 or 18%)	Republicans (27 or 50%)	Democrats (37 or 82%)		Republicans (1)	Democrats (0)
Allard	Bryan	Abraham	Akaka	Johnson	Burns- <sup>2AN</sup>	
Ashcroft	Dorgan	Bennett	Baucus	Kennedy		
Brownback	Feingold	Bond	Biden	Kerrey		
Coats	Hollings	Campbell	Bingaman	Kerry		
Collins	Kohl	Chafee	Boxer	Landrieu		
Coverdell	Reid	Cochran	Breaux	Lautenberg		
Craig	Wellstone	Domenici	Bumpers	Leahy		
D'Amato	Wyden	Enzi	Byrd	Levin		
DeWine		Frist	Cleland	Lieberman		
Faircloth		Gorton	Conrad	Mikulski		
Gramm		Grassley	Daschle	Moseley-Braun		
Grams		Hagel	Dodd	Moynihan		
Gregg		Hatch	Durbin	Murray		
Helms		Jeffords	Feinstein	Reed		
Hutchinson		Lugar	Ford	Robb		
Hutchison		Mack	Glenn	Rockefeller		
Inhofe		McConnell	Graham	Sarbanes		
Kempthorne		Murkowski	Harkin	Torricelli		
Kyl		Roth	Inouye			
Lott		Santorum				
McCain		Shelby				
Nickles		Smith, Gordon				
Roberts		Snowe				
Sessions		Specter				
Smith, Bob		Stevens				
Thomas		Thurmond				
Thompson		Warner				

#### EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

#### SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

United States exporters, so the growth in administrative expenses should be excused. We disagree. We note, for the record, that the vast majority of United States exporters manage to find overseas customers for their products without the kindly intercessions of the Federal Government. They get loans, and they get insurance, from the private market. We are sure they would like to be among the lucky few who get the Federal imprimatur of approval by receiving an OPIC loan or insurance policy, but they manage to get by without that advantage. We note also that OPIC itself has made the argument that it could improve its operations if it were allowed to invest its profits in the private market instead of U.S. Treasury notes--in other words, it could operate better as a private entity than as a public entity. OPIC is due for reauthorization; its authority expires this September. When the reauthorization bill comes up, we will be glad to go into these arguments in more detail with our colleagues. At this point, the narrow question before us is whether we should let a Federal agency's expenses go up by more than 50 percent to do a smaller amount of work. We do not think we should, and thus support the Allard amendment.

**Those opposing** the amendment contended:

Our colleagues have the best of intentions with this amendment. They are trying to save the taxpayers' money. However, their amendment would hurt the effectiveness of one of the best Federal programs ever developed. The facts speak for themselves: OPIC turns a profit for the United States (last year, it gave \$209 million to the United States Treasury); OPIC does not require appropriations because it is entirely self-funded; no American business receives a subsidy or free benefit from OPIC (all loans must be paid in full, full market rates are charged, and, if applicable, insurance premiums are charged); OPIC has an extraordinarily low default rate of less than 1 percent; OPIC maintains a well-diversified portfolio by region, industry, and size of business; and, perhaps most importantly, OPIC creates American jobs. In fact, by law it is prohibited from supporting any project that would result in the loss of a single American job. Since 1971, the projects it has supported have resulted in the sale of \$108 billion worth of products and have created more than 250,000 jobs in the United States. Clearly this program is not an example of wasteful spending, because it makes money, nor is it an example of corporate pork, because full market rates are charged for its services. Still, every year there are attempts made to get rid of the program or to privatize it.

One claim made for privatizing it is that it would do a better job of increasing exports if it were independent of the Federal Government. If that claim were true we would support privatization. However, J.P. Morgan studied that issue last year, and concluded that the loss of Federal Government involvement would seriously hurt the program's effectiveness. The problem is that most of the world does not do business the way the United States does. Most foreign governments aggressively support their domestic industries' efforts to export products. They have government agencies specifically created to lobby on behalf of their industries, plus they give their exporters generous subsidies. Having an OPIC loan opens doors for United States businesses when they deal with such countries, because the impression given is that they have the full support of the United States Government.

Our colleagues' assumption is that cutting administrative expenses by one-third for an agency that makes money for the United States, that has created more than 250,000 jobs, and that has opened the door for \$108 billion worth of exports will not hurt that agency. We think they are making a pretty dangerous assumption. The reauthorization bill for OPIC will probably reach the floor in the near future. Any major changes such as those suggested by the Allard amendment should be deferred until that time. Therefore, we urge our colleagues to vote against this amendment.